



Democratic State of the Union Response Center

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REPUBLICANS PROTECT CEOS AS ORDINARY FAMILIES SEE RETIREMENT SAVINGS DISAPPEAR

Americans are outraged by corporate loopholes that permit companies to protect millions of dollars in pension benefits for top executives while millions of loyal employees lose their retirement savings. Democrats value the financial well-being of our parents and grandparents, and believe that all Americans deserve to retire with dignity.

But Republicans protected wealthy corporate interests, leaving ordinary people to fight for the pensions they have earned. Democrats are fighting to make sure that all Americans who work hard have the opportunity to get ahead.

Republicans jeopardize the pensions earned by millions of workers. The GOP plan leaves millions of employees and their families waiting for justice from lost 401(k) accounts and opens new, dangerous loopholes that will jeopardize all employees' retirement investments by allowing self-interested investment firms to serve as the principal financial advisor to employees.

Republicans provide no voice for employees on pension boards. The GOP plan fails to address the need for an employee voice on pension boards, despite the fact that Enron pension trustees failed to take decisive action to protect the savings of Enron employees.

Employees are locked in, while executives cash out. The GOP plan leaves employees locked into company stock investments for years against their will while corporate executives can cash out millions in stock options, executive type 401(k)s, and bonuses, just like they did in Enron.

Republicans allow companies to slash pension plans for older employees. Republicans want to allow corporations to conduct cash balance plan conversions that could wipe out half the value of an older employee's traditional defined benefit pension.

Democrats want to protect worker pensions. Democrats want to protect worker pensions and help Americans save for retirement by:

- Ensuring that companies changing their pension systems provide older workers with the same amount of benefits they would have received under their existing pension
- Eliminating special treatment for executive pension plans;
- Toughening current law and criminal penalties for trust managers who violate workers' pension rights;
- Requiring workers to be notified of any significant sales of employer stock by executives or plan managers; and
- Giving employees control over their retirement savings by allowing them to diversify company-matched stock